Annual wage growth 1.8% in June quarter 2020

Media Release

Released 12/08/2020

Source: Wage Price Index, Australia, June 2020

The seasonally adjusted Wage Price Index (WPI) rose 0.2 per cent in June quarter 2020 and 1.8 per cent through the year, according to figures released today by the Australian Bureau of Statistics (ABS).

Head of Price Statistics at the ABS, Andrew Tomadini said: "After a steady period of wage growth over the previous 12 months, wages recorded the lowest annual growth in the 22-year history of the WPI.

Annual WPI growth - 1997 to 2020

"The June 2020 quarter was the first full period in which COVID-19 social and business restrictions were captured in the WPI.

"The June 2020 quarter rise was mainly in the public sector (0.6%). Private sector wage growth eased to 0.1 per cent as businesses adjusted to changes in the Australian economy."

In original terms, wages recorded no change in June 2020 quarter. Public sector wages growth (0.4%) offset the private sector fall (-0.1%). This was the first negative wages result in the history of the WPI. Mr Tomadini said: "The fall in private sector wages is mainly due to a number of large wage reductions across senior executive and higher paid jobs."

Also in original terms, the largest quarterly rise was in the Electricity, gas, water and waste services industry (0.6 per cent), while the Other services industry (-0.9 per cent) recorded the largest quarterly fall. Annual wage growth to June quarter 2020 ranged from 0.8 per cent for the Construction industry to 2.6 per cent for the Arts and recreation services industry.

South Australia and Tasmania recorded the highest through the year growth of 2.4 per cent.

For the eighth consecutive quarter Western Australia recorded the lowest wages growth (1.6 per cent).

The WPI measures the change in hourly rates of pay but will not show the full effect of the labour market changes that have occurred since the COVID-19 pandemic disruption. The changes seen in employment levels and hours worked will influence average earnings and will be reflected in the survey of Average Weekly Earnings (6302.0) released tomorrow, Thursday 13 August.

The ABS would like to thank businesses for continuing to respond to our surveys during these difficult times.

Further information is available in Wage Price Index, Australia (https://www.abs.gov.au/ausstats/abs@.nsf/mf/6345.0) (cat. no. 6345.0), available for free download from the ABS website: https://www.abs.gov.au/ (https://www.abs.gov.au/) .

Media notes

- The Wage Price Index captures changes in price (in hourly wages and salaries paid) of a job, and not the occupant of that job. As such JobKeeper payments to eligible employees falls out of scope of the Wage Price Index. Further details can be found in Measuring the Wage Price Index during the COVID-19 pandemic (https://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/1359.0Main%20Features15Jun%202020?opendocument&tabname=Summary&prodno=1359.0&issue=Jun%202020&num=&view) .
- Two new analytical indexes will be released over the next month that will provide insights into the effects of COVID-19 related government initiatives on the Australian labour market.
- The Wage Price Index as reported in cat.no. 6345.0, publishes estimates of the change in hourly rates of pay, unaffected by compositional shifts in the labour force, hours worked, or employee characteristics. The survey of Average Weekly Earnings (6302.0) can be affected by changes in both the level of earnings per employee and in the composition of the labour force.
- When reporting ABS data you must attribute the Australian Bureau of Statistics (or the ABS) as the source.
- For media requests and interviews, contact the ABS Media Team on 1300 175 070 (8:30am-5pm Mon-Fri).
- Subscribe to our media release notification service (https://www4.abs.gov.au/ausstats/notifications.NSF/Web+Pages/ABS+Email+Notification+Service?OpenDocument&js=enabled) to get notified of

ABS media releases or products upon their release.